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February 14, 2008

TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.
Director and Chief Medical Officer

SUBJECT: **ASSEMBLY BILL (AB) 774 HOSPITALS: FAIR PRICING POLICIES**

This is to provide an update to our July 30, 2007, correspondence on the Department of Health Services' efforts to implement the referenced legislation which was effective January 1, 2007. AB 774 was modified slightly last summer by Senate Bill 350, and the Department has considered those changes as well.

Since our last update, we have continued to work with County Counsel on a regular basis to make the changes needed for compliance with this law. Documents which were created or modified to meet its requirements include:

- Data mailers (which are the bills we send to self-pay patients)
- Flyers
- Posters
- Policies on Assisting Uninsured Patients, and Collections
- Financial Practices related to the Ability to Pay Plan (ATP), the Out of County/Out of Country (OOC/OOC) Discount Plan, and Collection Practices

In revising these documents, we have worked with USCB, Inc., Computer Credit Incorporated, McKesson, and Treasurer-Tax Collector and have sought County Counsel and facility input as needed through various workgroups/meetings.

Use of the modified data mailers was phased in over the summer and presently all data mailers issued for hospital services are compliant.

Because ATP is part of the Etter Consent Decree, changes to the ATP program, including flyers, require approval from the Etter Consent Decree plaintiffs or the court. We have obtained input from and continue to work with the representatives of the Etter Consent Decree plaintiffs on such changes.

As we indicated to you previously, AB 774 requires the County to have discount policies that cover all poor patients, including non-residents. Accordingly, the new discount payment plan for OOC/OOC patients (Financial Practice 520.28) was developed. This program provides a discount for OOC/OOC patients whose family income is at or below 350% of the Federal Poverty Level (FPL). This discount will be the lesser of the amount the facility would receive from the Medi-Cal program for the same service or 95% of charges. OOC/OOC patients whose family income is greater than 350% FPL will continue to be responsible for full charges.

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Please note that implementation of this program only affects the amount that such patients may be charged if they receive services. It does not affect the other requirements for receiving care under the Los Angeles County's Non-Emergency Medical Care Services Requirements – OOC/OOC/Foreign Visitor/Non-Immigrant Person (FV/NP) Policy (Policy 516.1); and it does not affect the Department's Emergency Medical Treatment and Active Labor Act (EMTALA) policy. Patients seeking non-emergency care who do not meet the requirements of Policy 516.1, will continue to be referred to their County/Country of residence for care.

We began training facility staff on the changes to ATP and the new OOC/OOC Discount Payment Plan in December 2007 and continued training in January 2008.

In compliance with the Office of Statewide Health Planning and Development (OSHPD) requirement for electronic submission of files containing information about the hospital's (1) charity care policy, (2) discount payment policy, (3) eligibility procedures, (4) review process, and (5) hospitals application form for charity care and discount payments, our four acute hospitals posted the required documents to the OSHPD Website prior to January 1, 2008.

Remaining tasks include finalizing the posters, and the flyers after receiving approval from representatives of the Etter Consent Decree plaintiffs or the court, completing the revisions to a few additional financial practices, and completing a review of the County ordinances to determine what changes, if any, are required by AB 774. In addition, the Department is working with CEO legislative staff on possible statutory modifications which would ease the burdens imposed by this law.

On a related matter, AB 774 does not apply to the Multi-Service Ambulatory Care Centers, Comprehensive Health Centers or Health Centers (MACC/CHC/HC), and therefore does not require ATP to be offered there. To promote efficiency and economy, ATP will no longer be offered in these venues, except in limited circumstances, such as when the application is to be retroactive for more than one year. Effective January 1, 2008, the retroactive period for ORSA is being extended to one year. This change will minimize the need to process ATP applications for retroactive coverage. Additionally, outpatient ATP processed at the hospitals will be accepted at the MACC/CHC/HCs for the period covered by the ATP Agreement.

If you have any questions or need additional information, please let me know.

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c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Treasurer and Tax Collector